Aaen & Co.
STATSAUTORISEREDE REVISORER

Sten & Grus Prøvestenen A/S

Registered Office: B-Vej 8, Prøvestenen, 2300 København S

CVR number 89 64 64 13

Annual Report 2016

Financial year 1 January - 31 December 2016

Adopted at the Annual General Meeting of the Company on 23 May 2017

Emmanuel Pierre Maes
Chairman

Contents

Company Information

The Company	Sten & Grus Prøvestenen A/S B-Vej 8, Prøvestenen 2300 København S Municipality of reg. office: Copenhagen
Executive Board	Jette Rohde Kim Fynbo Nielsen
Supervisory Board	Emmanuel Pierre Maes (chairman) Patrick Johan A Degryse Jette Rohde Mike Steen Hansen Gery De Cloedt
Auditors	Aaen & Co. statsautoriserede revisorer p/s Kongevejen 3 3000 Helsingør
Date of foundation	6 May 1980
Financial year	1 January - 31 December

Details on key figures and financial ratios

Financial Key Figures i tDKK	2016	2015	2014	2013	2012
Gross margin	14.185	8.315	8.158	6.980	4.783
Operating margin	2.562	-811	-28	977	-743
Net financials	-841	-685	-798	-527	-406
Profit (loss) from ordinary activities before tax	1.721	-1.495	-827	450	-1.149
Profit (loss)	1.331	-1.188	-770	306	-880
Investment in property, plant and equipment	32.722	18.087	17.518	13.250	4.845
Current assets	21.824	12.206	10.949	10.180	10.051
Assets	54.546	30.293	28.467	23.430	14.896
Share capital	600	600	600	600	600
Equity	4.785	3.454	4.642	5.412	5.106
Long-term debt	23.334	13.817	12.984	6.711	4.025
Short-term debt	26.427	13.022	10.841	11.307	5.765
Liabilities	54.546	30.293	28.467	23.430	14.896
Ratios :					
Return on invested capital	4,7	-2,7	-0,1	4,2	-5,0
Financial gearing	82,6	93,7	101,0	90,0	174,3
Solvency ratio	8,8	11,4	16,3	23,1	34,3
Return on equity	32,3	-29,3	-15,3	5,8	-15,9

Description of other key figures and financial ratios

Return on invested capital:	Profit from operations x 100 / Total assets
Financial gearing:	Current assets x 100 / Short-term debt
Solvency ratio:	Equity capital x 100 / Total assets
Return on equity:	Profit for the year x 100 / Average equity capital

Management's Review

Main activity

The Company receives and handles clean and polluted soil and recyclable building materials. The Company offers a broad product range of aggregates. In addition the Company performs handling activities (loading and unloading of ships and trucks).

Significant changes in the company's activities and financial affairs

There has been no significant changes in the activities and financial position during the financial year.

The Company expects revenue to increase further in 2017 with the effect that the Company in 2017 will be more profitable.

Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report 2016 of Sten & Grus Prøvestenen A/S.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2016 and the results of operations for the financial year 1 January - 31 December 2016 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, 23 May 2017

Executive Board

Jette Rohde

Kim Fynbo Nielsen

Supervisory Board

Emmanuel Pierre Maes (chairman)

Patrick Johan W Degryse

Jette Rohde

Mike Bleen Hansen

Gery De Clercq

Independent auditors' report

To the shareholders of Sten & Grus Prøvestenen A/S:

Opinion

We have audited the Financial Statements of Sten & Grus Prøvestenen A/S for the financial year 1 January – 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of accounting information taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors' report

Auditor's Responsibilities for the Audit of the Financial Statements, continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 23 May 2017
Aaen & Co. statsautoriserede revisorer p/s
Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Jesper Fenger Smidt
State Authorised Public Accountant

Accounting Policies

Basis of accounting

The Annual Report of Sten & Grus Prøvestenen A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of Reporting class B.

The accounting policies applied are unchanged compared to the previous year.

The Annual Report is presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income statement

Gross profit (loss)

Gross profit comprises revenue for the year less production costs and less distribution expenses and other external expenses.

Revenue is recognised in the income statement under the percentage-of-completion method. As regards contract work in progress, work in progress is recognised as income according to the stage of completion.

Cost of sales comprises cost incurred to achieve revenue for the year.

Other external expenses comprise expenses for distribution, sale, advertising, administration, premises, bad debts, lease expenses, etc.

Accounting Policies

Salaries

Staff costs include salaries and wages, including vacation pay and pensions and other social security costs, etc. to the company's employees. Staff costs are deducted from payments received from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax

Tax for the year consists of the current tax for the year and change in deferred tax. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Balance sheet

Non-current assets

Land and buildings, technical plant, machinery and other plant, fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and amortization.

Depreciation is based on cost reduced by any expected residual value after the period of use.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Pavilion	20	Years	Estimated scrap value	0%
Leasehold improvements	5 - 10	Years	Estimated scrap value	0%
Technical plant and machinery	2 - 15	Years	Estimated scrap value	0-10%
Other plant, fixtures, fittings, tools and equipment	7 - 8	Years	Estimated scrap value	0-10%

Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale. Gains or losses are recognised in depreciation in the income statement.

Accounting Policies

Leases

Leases of fixed assets where the company has substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet as assets. The assets are measured initially calculated cost equal to the fair value or (if lower) the present value of future lease payments. In calculating the present value of the leases, interest rate as the discount rate or an approximated value. Finance leases are depreciated like other similar tangible assets.

The capitalized remaining lease obligation is recognized in the balance sheet as a liability, and the financial charge is recognized over the term of the lease period.

All other leases are classified as operating leases. Payments made under operating leases and other leases are recognized in the income statement over the lease term. The company's total liability relating to operating leases appears from contingencies etc..

Financial assets

Other investments are measured at fair value (market value) at the balance sheet date.

Deposits are measured at amortised cost.

Inventories

The Company's product portfolio consists of concrete, stone, gravel and soil. Inventories are recognised on the basis of counted / calculated quantities. Inventories are measured at cost according to the FIFO method. In case the net realisable value is lower than cost, a write-down is made to this lower value.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production costs.

The net realisable value of inventories is stated as sales price less expenses for finalisation and expenses paid to effect sales and is determined considering saleability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by provision for bad debts.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years.

Cash

Cash and cash equivalents comprise cash and bank balances.

Accounting Policies

Dividend

Dividend which is expected paid for the year is shown as a separate item under equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in calculated tax on the taxable income for the year in the balance sheet adjusted for tax on previous years‘ taxable income and taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, eg concerning shares, where the computation of the tax may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For this year a tax rate of 22% has been applied.

Debt

Other debt is measured at amortised cost corresponding to nominal value.

Accruals

Accruals recognised under liabilities include advance billing and obligations relating to subsequent financial years.

Income statement 1 January - 31 December

Note		2016	2015
	Gross profit	14.185.381	8.315.283
1	Employee expense	8.222.267	6.192.471
4	Depreciations	3.400.749	2.933.477
	Profit from ordinary operating activities	2.562.365	-810.665
	Other finance income	72.093	42.098
2	Other finance expenses	913.181	726.658
	Profit (loss) from ordinary activities before tax	1.721.277	-1.495.225
3	Tax expense on ordinary activities	390.104	-307.362
	Profit (loss)	1.331.173	-1.187.863
	Proposed distribution of results:		
	Proposed dividend recognised in equity	0	0
	Retained earnings	1.331.173	-1.187.863
	Profit for the year distributed	1.331.173	-1.187.863

Balance sheet 31 December

Assets

Note		2016	2015
	Land and buildings	2.489.567	672.949
	Leasehold improvements	7.173.484	2.809.796
	Plant and machinery	22.670.918	14.204.572
	Fixtures, fittings, tools and equipment	286.859	337.233
4	Property, plant and equipment	32.620.828	18.024.550
	Other long-term investments	45.071	51.585
	Other long-term receivables	56.585	11.138
	Investments	101.656	62.723
	Non-current assets	32.722.484	18.087.273
	Inventories	6.208.877	3.154.859
	Inventories	6.208.877	3.154.859
	Short-term trade receivables	11.867.791	5.157.429
	Receivables from group enterprises	706.319	0
	Other short-term receivables	481.588	233.688
	Deferred income assets	1.510.885	1.800.796
	Current deferred tax assets	1.046.254	1.436.358
	Receivables	15.612.837	8.628.271
	Cash and cash equivalents	2.442	422.425
	Current assets	21.824.156	12.205.555
	Total assets	54.546.640	30.292.828

Balance sheet 31 December

Liabilities

Note		2016	2015
	Contributed capital	600.000	600.000
	Retained earnings	4.185.120	2.853.947
	Proposed dividend recognised in equity	0	0
5	Equity	4.785.120	3.453.947
6	Long-term debt to other credit institutions	14.836.981	10.336.464
	Long-term payables to group enterprises	8.497.800	3.480.863
	Long-term debt	23.334.781	13.817.327
6	Short-term debt to other credit institutions	9.782.418	5.934.225
	Short-term trade payables	7.631.466	4.320.313
	Short-term payables to group enterprises	7.445.102	1.460.209
	Other short-term payables	1.022.276	1.159.465
	Short-term prepayments received from customers	545.477	147.342
	Short-term debt	26.426.739	13.021.554
	Total debt	49.761.520	26.838.881
	Total liabilities	54.546.640	30.292.828

7 Disclosure of mortgages and collaterals

8 Disclosure of liabilities under off-balance sheet leases

Notes to the Annual Report

		2016	2015
1	Employee expense		
	Wages and salaries	7.582.480	5.713.356
	Pensions	571.163	441.874
	Other social security costs	68.624	37.241
		8.222.267	6.192.471
	Average number of employees	15	12

Remuneration to the Board of Directors and are not disclosed with reference to the Cinancial Statements Act § 98B paragraph. 3, No. 2)

		2016	2015
2	Other finance expenses		
	Interest expenses to group related companies	131.481	46.235
	Other interest expenses	781.700	680.423
		913.181	726.658

		2016	2015
3	Tax expense on ordinary activities		
	Tax on the taxable income for the year	0	0
	Change in provision for deferred tax	390.104	-307.362
		390.104	-307.362

Notes to the Annual Report

4 Property, plant and equipment

	Land and buildings	Technical equipment and machines
Purchase price, beginning of year	2.806.705	26.075.068
Additions for the year	1.962.638	12.325.093
Disposals for the year	0	2.570.430
Purchase price, end of year	4.769.343	35.829.731
Depreciation, beginning of year	2.133.756	11.870.496
Depreciation for the year	146.020	2.951.114
Reversal of depreciation of disposals	0	1.662.797
Depreciation, end of year	2.279.776	13.158.813
Net book value 31 December	2.489.567	22.670.918
Finance leases included		17.880.251

	Fixtures, fittings and equipment	Leasehold improvements
Purchase price, beginning of year	391.808	7.898.162
Additions for the year	0	4.616.929
Disposals for the year	0	0
Purchase price, end of year	391.808	12.515.091
Depreciation, beginning of year	54.575	5.088.366
Depreciation for the year	50.374	253.241
Reversal of depreciation of disposals	0	0
Depreciation, end of year	104.949	5.341.607
Net book value 31 December	286.859	7.173.484

Notes to the Annual Report

5 Equity

	Share capital	Retained earnings	Dividend
Equity 1 January	600.000	2.853.947	0
Retained earnings	0	1.331.173	0
Equity 31 December	600.000	4.185.120	0

	2016	2015

6 Disclosure of long-term liabilities other than provisions

	2016	2015
Due after 5 years	420.797	540.500
Due within 2-5 years	14.416.184	9.795.964
Due within 1 year	9.782.418	5.934.225
	24.619.399	16.270.689

7 Disclosure of mortgages and collaterals

An all monies mortgage/company charge of DKK 12,400,000 has been created as security for all balances with the Company's bankers. The mortgage/charge comprises land and buildings (pavilions), unsecured claims, inventories, unregistered vehicles, operating equipment, fixtures and fittings, etc as well as intangible rights.

Fixed asset investments include DKK 102,000 placed as security for rental obligations concerning leased square metres.

Rent deposits have been placed as security for obligations under the lease agreements.

At the balance sheet date the total annual payments under the leases entered into concerning machinery and equipment amount to DKK 3,239,000.

Notes to the Annual Report

8 Disclosure of liabilities under off-balance sheet leases

The Company has entered into operating rental and lease arrangements with the following amounts:
Lease obligation for up to 18 months amounts to DKK 201,504.

Rental obligation (leased square metres) for the period until 31 December 2017 amounts to DKK 5,842,000.